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Friday, May 31, 2019

The Office of Mike Feuer
Los Angeles City Attorney
James K. Hahn City Hall East, Suite 800
Los Angeles, CA 90012

Dear City Attorney Feuer,

In the slow rollout transition to regulated licensing and legal operations of cannabis businesses, the interests of the communities of South Los Angeles, who have the highest concentration of unlicensed cannabis shops, has been overlooked and ignored by the Los Angeles City Attorney's office and City Attorney Mike Feuer.

Our organization and its leadership served as key proponents in the formulation and passage of the March 7, 2017 special election Measure M, the Los Angeles Cannabis Enforcement, Taxation, and Regulation Act (CETRA) or Ordinance 184501. The voter mandated (CETRA), established enforcement protocols for the Los Angeles City Attorney to impose criminal penalties, nuisance abatement, increased civil fines and disconnection of water and power utilities for unauthorized cannabis activities to unlicensed operators and their landlords.

Notably, CERTA designates as a nuisance and misdemeanor the participation in medical and nonmedical Cannabis activity without a license. By CERTA regulations, operating a Cannabis establishment may subject a person to a restraining order or injunction with monetary civil penalties of \$20,000 per day, criminal misdemeanor liability punishable by a fine of \$1,000 per day or by imprisonment for up to six months, and having water and power cut off by the DWP. Those who are employed or volunteer at a non-licensed Cannabis establishment, or lease or rent land to those establishments are subject to these same punishments.

Unlicensed shops have been a public nuisance and pose a critical public safety issue to the residents of South Los Angeles. The lack of enforcement has turned safe communities into havens for illicit activity encouraging the proliferation of unlawful cannabis operations. This correspondingly poses a direct threat to the City of Los Angeles and the Department of Cannabis Regulation's Social Equity Program (SEP) designed to assist licensed ownership of legal cannabis businesses within the community. The unlicensed shops are consuming all of the retail real-estate, leaving no viable location space for Phase 3 applicants. If those Social Equity Program (SEP) Phase 3 applicants are lucky enough to find suitable locations to open for business, now they will be competing with unlicensed shops, which do not pay the LA City and CA State taxes of 34% or



any licensing fees. It puts the City, the community and the Phase 3 applicant at a severe disadvantage. There are easy fixes.

- 1) ENFORCE current ordinance violations written into Measure M and the City municipal code.
 - a. Assess civil \$20,000 a day fine to non-compliant owner/operators and their landlords.
 - b. Shut off city utilities to the properties with DWP.
 - c. Administer code enforcement violations of their properties.
- 2) Send out letters to the landlord and the owner/operator informing them that your office is aware that they are running an unlicensed business and need to close their doors immediately or face prosecution.
- 3) Follow up letters with criminal prosecution proceedings against the landlords and owner/operator for illegal activities.
- 4) Update public and media through press releases of your enforcement efforts with named violators.
- 5) Create a publicly available list of injunctions, shut-offs, arrests and civil fines of non-compliant unlicensed shops attached to the City Attorney's and the Department of Cannabis Regulation's websites.

Mr. Feuer, we have the support of The Governor of the State of California Gavin Newsome, The NAACP, Neighborhood Councils, church leaders, community leaders, and the licensed cannabis community.

With continued failure of rightful action, the California Minority Alliance along with community leaders of South LA, licensed cannabis dispensary owners, and social equity applicants will push action by filing a class action lawsuit against the City of Los Angeles Attorney's Office with corresponding media coverage and press conference. Something has to be done swiftly for the care of our communities.

Tyrone Freeman
Executive Director

Donnie Anderson
Co-Founder, President

Virgil Grant
Co-Founder, Secretary

Ken Jones
Treasurer

cc: Los Angeles City Council
Office of the Los Angeles Mayor, Eric Garcetti

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